

December 1, 2008

The Fund Manager
Arizona Elected Officials' Retirement Plan
Phoenix, Arizona

Re: Arizona Elected Officials' Retirement Plan

This report contains the consolidated results of the June 30, 2008 actuarial valuation of the Arizona Elected Officials' Retirement Plan. The valuation determines the 2009/2010 Fiscal Year employer contribution requirements and the June 30, 2008 actuarial present values associated with the Plan.

Participant data was provided by your Administrator. This data has been reviewed for reasonableness, but no attempt has been made to audit such information. Financial information was taken from the June 30, 2008 information submitted by your Administrator.

The valuation was based on the provisions of the Arizona Elected Officials' Retirement Plan as amended through June 30, 2008. The valuation was made in accordance with generally accepted actuarial principles and practices.

Respectfully submitted,



Sandra W. Rodwan
Member, American Academy of Actuaries

***Arizona Elected Officials'
Retirement Plan***

Actuarial Valuation as of June 30, 2008

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Section One:
Valuation Summary



Purpose of Valuation

The purpose of the annual actuarial valuation of the Arizona Elected Officials' Retirement Plan as of June 30, 2008 is to:

- ❖ Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members. This information is contained on page 9.
- ❖ Compare accrued assets with accrued liabilities to assess the funded condition. This information is contained on pages 6 and 7.
- ❖ Compute the employers' recommended contribution rate for the Fiscal Year beginning July 1, 2009. This information is contained on page 4.

This objective is stated in Article 4, Chapter 5, Title 38, Sections 843B and 848N of the Arizona Revised Statutes.

Liabilities and Funded Condition of Retirement Plan

Accrued liabilities of the Retirement Plan as of June 30, 2008, were computed to be \$454,340,651. The funding value of accrued assets was \$348,013,490. The ratio of the funding value of accrued assets to accrued liabilities was 76.6%.

Funding Value of Assets

A smoothed market value of assets was used for the June 30, 2008 valuation. This method spreads the difference between actual and expected investment return over seven years. Prior to the June 30, 2003 valuation, the difference was spread over four years.

Computed Contribution Rate

The normal cost contribution rate was computed to be 24.34% of member payroll. Deducting member contributions of 7.00% of payroll resulted in an aggregate employer normal cost of 17.34% of payroll.

The excess of accrued liabilities over accrued assets produced a 28-year level percent of payroll amortization payment of 8.91% of payroll. The aggregate net employer contribution for FY 2009/2010 was therefore computed to be 26.25% of payroll.

Retirement Plan Experience

The overall experience of the Retirement Plan was more favorable than assumed during the year ended June 30, 2008. Salary increases which were significantly less than assumed were the primary source of the gain. Investment experience during the year was unfavorable. However, the impact of this was offset in part by the drop-off the carry-forward of the large investment loss from FY 2000/2001.

Benefit Provision Changes

There were no legislated benefit provision changes in this valuation.

Assumption and Method Changes

There were no changes in assumptions or actuarial cost methods in this valuation.

Participant Data

	<u>6/30/2008</u>	<u>6/30/2007</u>
Active Members	824	813
Active Member Payroll	\$62,183,699	\$61,307,852
Retirees and Beneficiaries	872	826
Annual Pensions	\$32,850,340	\$30,380,250

Financial Data

	<u>6/30/2008</u>	<u>6/30/2007</u>
Smoothed Valuation Assets	\$366,197,908*	\$367,544,499*
Market Value of Assets	382,065,253	\$369,840,645

**The net smoothed value of assets used for the valuation after deducting the Future Benefit Increase Reserve was \$348,013,490 in 2008 and \$336,716,618 in 2007.*

Comments, Recommendations and Conclusion

Comment 1: In the aggregate the experience of the Retirement Plan during the year ended June 30, 2008 was more favorable than expected based on the long-term assumptions. The primary source of favorable experience were rates of salary increases which were significantly less than assumed. The actual rate of investment return during the year was less than assumed, but this was partially offset by the drop-off of the large carry-forward of FY 2000/2001 negative investment return.

Comment 2: The smoothed market valued used for the valuation spreads differences between the assumed and actual investment return over 7 years. Carry-forwards of the FY 2007/2008 investment loss will be recognized annually through FY 2013/2014.

Conclusion: The decrease in the computed contribution rate and the increase in the funded ratio are primarily attributable to the overall experience during the year, particularly less than assumed salary increases and the drop-off of the carry-forward of FY 2000/2001 negative investment return. It is important to note that in the absence of investment return in excess of the assumed rate or favorable experience in other areas, it is likely that the employer contribution rates will increase in the future.



Section Two:
***Actuarial Calculations –
Funding***



Contribution Requirements – 2009/2010 Fiscal Year

Member: 7.00% of covered compensation

Employer: The computed contribution rate was 26.25% of covered compensation, consisting of 17.34% for normal cost, 8.91% for amortization of unfunded actuarial accrued liability*.

Components of Computed Normal Cost

	<u>Percents of Covered Compensation</u>
Normal cost requirement	
Service pensions	22.18%
Disability pensions	0.00
Survivors of active members	1.12
Refunds of members' accumulated contributions	0.19
Health insurance	<u>0.85</u>
Total normal cost requirement	24.34%
Less member contribution	<u>7.00</u>
Employer normal cost requirement	17.34%

**Actuarial accrued liability, \$454,340,651, exceeded the funding value of accrued assets, \$348,013,490. The unfunded actuarial accrued liability was amortized as a level percent of payroll over 28 years, producing an amortization payment of 8.91% of payroll.*

Computed Employer Contribution Requirements

Valuation Date: <u>June 30</u>	<u>Normal Cost</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Total</u>
1985	11.64%	(0.52)%	11.12%
1990	15.54	1.29	14.25
1995	16.22	(1.46)	14.76
1996	16.33	(3.69)	12.64
1997	16.48	(7.58)	8.90
1998	16.26	(6.04)	10.22
1999	16.49	(7.55)	8.94
2000	16.69	(9.72)	6.97
2001	21.00	(13.45)	7.55
2002	22.65	(9.16)	13.49
2003	21.12	(6.58)	14.54
2004	22.17	(1.63)	20.54
2005	22.57	1.70	24.27
2005#	15.87	2.68	18.55
2006	16.59	3.62	20.21
2007	18.46	9.54	28.00
2008	17.34	8.91	26.25

Revised pursuant to changes in assumptions and methods enacted by the 2006 Legislature and the EORP Fund Manager.

Actuarial Accrued Liability

The total contribution is made up of two parts, the normal cost and the amortization of the unfunded actuarial accrued liability. The Legislature has established a policy of amortizing, or funding, the unfunded actuarial accrued liability over an open period of 30 years, 28 years remaining as of June 30, 2008.

The actuarial accrued liability exceeded valuation assets by \$106,327,161 as of June 30, 2008.

	<u>June 30, 2008</u>
Actuarial Accrued Liability	
Retired members and survivors	\$285,633,966
Former members with vested benefits	5,257,134
Active members	<u>163,449,551</u>
Total	\$454,340,651
 Valuation Assets*	 \$348,013,490
 Unfunded Actuarial Accrued Liability	 \$106,327,161

** This amount excludes the \$18,184,418 in investment income reserve held for future pension increases pursuant to state statute.*

History of Assets and Accrued Liabilities

Valuation Date <u>June 30</u>	Valuation <u>Assets</u>	Actuarial Accrued <u>Liabilities</u>	Funded <u>Ratio</u>	Unfunded Actuarial Accrued <u>Liabilities</u>	Financing <u>Period</u>
1985	\$ 49,900	\$ 48,969	101.9%	\$ (931)	37
1990	92,421	100,433	92.0	8,012	32
1995	159,111	149,366	106.5	(9,745)	27
1996	181,754	158,126	114.9	(23,628)	26
1997	214,035	169,593	126.2	(44,442)	20
1998	241,884	199,662	121.1	(42,222)	20
1999	283,337	227,100	124.8	(56,237)	20
2000	329,777	253,478	130.1	(76,299)	20
2001	355,768	250,987	141.7	(104,781)	20
2002	351,349	279,947	125.5	(71,402)	20
2003	353,463	297,892	118.7	(55,572)	20
2004	343,376	328,921	104.4	(14,455)	20
2005	344,604	360,758	95.5	16,154	20
2005#	344,604	373,340	92.3	28,736	30
2006	351,701	391,403	89.9	39,702	30
2007	336,717	451,299	74.6	114,582	29
2008	348,013	454,340	76.6	106,327	28

Dollar amounts in \$000.

Results shown throughout this report for years prior to 2001 were prepared by the previous actuarial firm.

Revised pursuant to changes in assumptions and methods enacted by the 2006 Legislature and the EORP Fund Manager.

Aggregate Gain/Loss

	<u>Year Ended June 30, 2008</u>
(1) UAAL ^a at start of year	\$114,582,583
(2) Normal cost	11,317,429
(3) Funding method contributions	17,744,324
(4) Interest accrual	9,466,397
(5) Expected UAAL before changes	117,622,085
(6) Change from amendments	None
(7) Change from assumption and method revisions	None
(8) Expected UAAL after changes	117,622,085
(9) Actual UAAL	106,327,161
(10) Gain(Loss)	11,294,924
(11) Percent of AAL ^b	2.5%

^a Unfunded Actuarial Accrued Liability

^b Actuarial Accrued Liability at beginning of year.

In the aggregate, the experience during the year produced a net gain of \$11,294,924. The following are estimates of some of the gains and losses by source. It is important to note that these are estimates only. The absence of individual identifiers (e.g. social security numbers) in last year's data precluded tracking the actual experience by individual during the year.

Sources of gains/(losses):

Investment Return	\$(2,020,299)
Salary Increases	8,212,976
Other	5,102,247
Total	\$11,294,924

Elected Officials’ Retirement Plan

Aggregate Actuarial Balance Sheet June 30, 2008

Actuarial Assets

Accrued Assets		
Member accumulated contributions	\$41,963,744	
Employer and benefit payment reserves	290,101,509	
Funding value adjustment	<u>34,132,655</u>	
Total accrued assets*		\$366,197,908
Prospective assets (computed value)		
Member contributions	33,984,860	
Employer normal costs	77,526,686	
Employer unfunded actuarial accrued liability	<u>106,327,161</u>	
Total prospective assets		<u>217,838,707</u>
Total Actuarial Assets		<u><u>\$584,036,615</u></u>

* Includes \$18,184,418 reserve for payment of ad-hoc pension increases. The net funding value of assets is \$348,013,490.

Actuarial Present Values (Liability)

Pensions in payment status		
Service pensions	\$236,071,635	
Disability pensions	8,439,374	
Survivor pensions	33,437,583	
Health insurance	<u>7,685,374</u>	
Total benefit values		\$285,633,966
Prospective pension payments (future retirements)		271,962,664
Prospective health insurance payments (future retirements)		7,656,453
Prospective refunds of member contributions		599,114
Reserve for future pension increases		<u>18,184,418</u>
Total Actuarial Present Values (Liability)		<u><u>\$584,036,615</u></u>



Section Three:

***Retirement Plan
Benefit Provisions***



Summary of Plan Provisions Valued and/or Considered

Normal Retirement (no reduction for age). An elected official may retire upon meeting one of the following age and service requirements:

- ❖ Age 60 years with 25 or more years of credited service;
- ❖ Age 62 years with 10 or more years of credited service;
- ❖ Age 65 years with 5 or more years of credited service;

The amount of a normal retirement pension is four percent of average yearly salary multiplied by years of credited service. Maximum is 80 percent of average yearly salary. Effective July 17, 1994, average yearly salary is the elected official's highest average salary during a three-consecutive year period within the final 10 years of service. For elected officials whose membership commenced before July 17, 1994, average yearly salary will generally be final salary at termination of service.

Effective August 6, 1999, a member may retire at any age with 20 or more years of credited service.

Early Retirement (reduction for age). An elected official who is at least 50 years and has 10 or more years of credited service may retire before meeting an age and service requirement for normal retirement. The amount of an early retirement pension is computed by determining the amount of accrued normal retirement pension and then reducing the amount determined by three-twelfths of one percent for each month early retirement precedes the member's normal retirement age.

Effective August 6, 1999, a member with at least five years of credited service may retire early at any age. For those members who retire under this August 6, 1999 provision, their benefits are calculated using a three-year average salary, and the reduction for early retirement is capped at 30%.

Vested Termination (deferred retirement). An elected official with five or more years of credited service retains entitlement to a deferred pension upon ceasing to be an elected official if the official's accumulated contributions are left on deposit in the Retirement Plan. The amount of pension is determined in the same manner as a normal or early pension, whichever is applicable.

Disability Retirement. An elected official who becomes incapacitated for the duties of office may be retired by the Fund Manager. The amount of pension is 80 percent of three-year average salary if the elected official has at least 10 years of credited service, 40 percent of three-year average salary if the elected official has five but less than 10 years of credited service, and 20 percent of three-year average salary if the elected official has less than five years of credited service.

Survivor Pensions. Payable to the eligible beneficiary of a retired elected official or an active and inactive elected official. An eligible beneficiary is a surviving spouse who was married to the retired active or inactive elected official for at least two years; or, if there is no eligible spouse, a minor child. A surviving spouse’s pension terminates upon death. A surviving child’s pension terminates upon attainment of age 18 years, marriage, adoption or death, unless the child is a full time student under the age of 23 or was disabled prior to age 18. The amount of a surviving spouse’s pension is 75% of the pension being paid the deceased retired elected official or the disability pension accrued by the deceased active elected official. The amount of a surviving child’s pension is an equal share of the amount of a surviving spouse’s pension.

Other Terminations. The elected official is paid a refund of accumulated member contributions, plus an additional amount if the member has at least five years of service credit. The amount is a percent of the member contribution amount, ranging from 25% to 100% (with at least 10 years of service credit).

Post-Retirement Health Insurance Subsidy: Payable on behalf of retired members and survivors who elect coverage provided by the state or participating employer. The amounts cannot exceed:

Member Only		With Dependents		
Not Medicare Eligible	Medicare Eligible	All Not Medicare Eligible	All Medicare Eligible	One With Medicare
\$150	\$100	\$260	\$170	\$215

Retired members or survivors who have between five and eight years of credited service are eligible for a proportionate share of the full subsidy.

Elected Officials Contributions. Seven percent of compensation.

Employer Contributions. A designated portion of court docket fees. Municipal employers contribute the computed normal cost rate plus a payment to amortize their unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years (a lump sum payment for UAAL is required for municipal employers entering after September 15, 1989). Pursuant to 1989 legislation, state and county employers contribute the difference between the actuarially determined contribution requirement and designated docket fees.



Section Four:

***Actuarial Assumptions
And Methods***



Summary of Valuation Assumptions

Economic Assumptions

Interest Rate: 8.50% (net of expenses)

Salary Increases: 5.00% for inflation.

Demographic Assumptions

Retiree Non-Disability Mortality rates: RP 2000 Healthy Annuitant Mortality Table, male ages set back 2 years and female ages set back 1 year (first used for June 30, 2007 valuation).

Active Member Non-Disability Mortality Rates: RP 2000 Healthy Annuitant Mortality Table, male ages set back 2 years and female ages set back 1 year (first used for June 30, 2007 valuation).

Sample Ages	Single Life Retirement Values							
	Retirees		Active Members		Retirees		Active Members	
	Present Value of \$100 Monthly For Life		Present Value of \$100 Monthly For Life		Future Life Expectancy (Years)		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women	Men	Women
20	\$14,536	\$14,589	\$14,569	\$14,610	61.00	63.51	63.97	67.07
25	14,450	14,516	14,500	14,548	56.10	58.57	59.08	62.13
30	14,324	14,408	14,399	14,457	51.21	53.63	54.12	57.20
35	14,140	14,254	14,253	14,328	46.32	48.71	49.31	52.28
40	13,890	14,039	14,060	14,150	41.49	43.83	44.49	47.41
45	13,537	13,738	13,795	13,906	36.70	38.99	39.71	42.59
50	13,040	13,320	13,430	13,575	31.96	34.22	34.99	37.83
55	12,474	12,778	12,929	13,122	27.55	29.59	30.34	33.15
60	11,765	12,077	12,239	12,510	23.31	25.14	25.77	28.58
65	10,823	11,213	11,316	11,689	19.19	20.93	21.35	24.15
70	9,681	10,170	10,072	10,560	15.35	17.02	17.07	19.82
75	8,355	8,949	8,569	9,332	11.88	13.44	13.25	16.18
80	6,913	7,602	7,303	8,277	8.86	10.30	10.52	13.50
85	5,457	6,176	6,280	7,496	6.36	7.61	8.70	11.78
90	4,152	4,847	6,084	7,403	4.48	5.52	8.30	11.30

Disability Retiree Mortality Rates: Non-disability rates set forward 5 years.

Termination of Employment: Service-related rates.

Disability Rates: There were no disability rates assumed.

The sample rates are as follows.

Sample Ages	Years of Service	Percent of Active Members	
		Separating Within the Year	Disabled Within the Year
All	0	6.0%	(all years of service)
	1	6.0	
	2	6.0	
	3	6.0	
	4	6.0	
	5	6.0	
	6	6.0	
	7	6.0	
	8	6.0	
	9	2.0	
	10 and over	2.0	
25	All years		0.00%
30		0.00	
35		0.00	
40		0.00	
45		0.00	
50		0.00	
55		0.00	
60		0.00	

Married assumption: 90%

Health subsidy utilization assumption: 80%

Retirement Rates: Service-related rates based on the following schedule:

**Percent of Active Members Retiring Within Year
Following Attainment of Indicated Years of Service**

Years of Service	Percent of Active Members Retiring During Next Year
5	4%
6	4
7	4
8	8
9	8
10	8
11	8
12	15
13	5
14	5
15	5
16	15
17	5
18	6
19	7
20	40
21	30
22	20
23	15
24	15
25	45
26	45
27	15
28	15
29	15
30	100

Active members are eligible to retire early at any age with 5 years of service, or normally at any age with 20 years of service, at 62 with 10 years of service, or age 65 with 5 years of service. Pensions were assumed to be decreased 3/12 of 1% for each month the age at early retirement precedes normal retirement age, with a maximum reduction of 30%.

These rates adopted by the Fund Manager, as recommended by the Plan's actuary, were first used for the June 30, 2007 valuation.

Actuarial Method Used for the Valuation

Normal Cost. Normal cost and the actuarial present values between service rendered before and after the valuation date were determined using the projected unit credit actuarial cost method.

Actuarial Accrued Liability. The actuarial accrued liability allocated to service rendered prior to the valuation date, including experience gains and losses, was computed using the assumptions summarized in this report. Accrued valuation assets were subtracted from the computed actuarial accrued liability. Any unfunded amount was amortized as level percent of payroll over a closed period of 28 years.

Active member payroll was assumed to increase 5.00% annually for the purpose of computing the amortization payment as a level percent of payroll.



Section Five:
Valuation Data



Derivation of Funding Value of Pension Fund Assets

Values as of June 30

	2004	2005	2006	2007	2008
Beginning of Year					
(1) Book Value	\$247,792,779	\$246,307,539	\$253,022,997	\$275,729,455	\$299,221,717
(2) Market Value	269,610,597	295,932,093	311,203,373	327,151,921	369,840,645
(3) Funding Value*	372,055,070	371,093,890	368,215,634	368,223,993	367,544,499
End of Year					
(4) Market Value	295,932,093	311,203,373	327,151,921	369,840,645	332,065,253
(5) Net Addition to Assets, Excluding Investment Income	(13,028,846)	(13,481,265)	(8,750,551)	(11,909,799)	(14,796,039)
(6) Total Net Investment Income = (4) - (2) - (5)	39,350,342	28,752,545	24,699,099	54,598,523	(22,979,353)
(7) Projected Net Rate of Return	9.00%	8.75%	8.50%	8.50%	8.50%
(8) Projected Investment Income = (7) x[(3) + .5 x (5)]	32,898,658	31,880,910	30,926,430	30,792,873	30,612,451
(9) Investment Income in Excess of Proj.	6,451,684	(3,128,365)	(6,227,331)	23,805,650	(53,591,804)
(10) Excess Investment Income Recognized*					
(10a) From Current Year =(9b)/7 in 2003 and after	921,669	(446,909)	(889,619)	3,400,807	(7,655,972)
(10b) From One Year Prior	(2,144,997)	921,669	(446,909)	(889,619)	3,400,807
(10c) From Two Years Prior	(10,347,982)	(2,144,997)	921,669	(446,909)	(889,619)
(10d) From Three Years Prior	(10,055,537)	(10,347,982)	(2,144,997)	921,669	(446,909)
(10e) From Four Years Prior	795,855	(10,055,537)	(10,347,982)	(2,144,997)	921,669
(10f) From Five Years Prior		795,855	(10,055,537)	(10,347,982)	(2,144,997)
(10g) From Six Years Prior			795,855	(10,055,537)	(10,347,982)
(11) Change in Funding Value=(5) + (8) + (10) [a..g]	(961,180)	(2,878,256)	8,359	(679,494)	(1,346,591)
End of Year Values					
(12) Book Value	\$246,307,539	\$253,022,997	\$275,729,455	\$299,221,717	\$335,650,562
(4) Market Value	295,932,093	311,203,373	327,151,921	369,840,645	332,065,253
(13) Preliminary Funding Value (3) + (11)	371,093,890	368,215,634	368,223,993	367,544,499	366,197,908
(14) Future Benefit Increase Reserve	27,718,251	23,611,516	16,523,120	30,827,881	18,184,418
(15) Funding Value (13) - (14)	343,375,639	344,604,118	351,700,873	336,716,618	348,013,490
(16) Funding Value Adjustment (15) - (12)	97,068,100	91,581,121	75,971,418	37,494,901	12,362,928

**Four year recognition through June 30, 2002. Beginning with the June 30, 2003 valuation, seven year recognition was used for the current year. The remaining amount from the prior year is recognized over 6 years, from the second prior year over 5 years, from the third prior year over 4 years, from the fourth prior year over 3 years, from the fifth prior year over 2 years, and from the sixth prior year over 1 year.*

Participant Summary

**Summary of Retired Members and Survivors
June 30, 2008**

Pensions Being Paid	Number	Annual Pensions	Average Pensions
Retired Members			
Service Pensions	688	\$26,985,041	\$39,222
Disability Pensions	16	1,076,123	67,258
Totals	704	28,061,164	39,860
Survivors			
Spouses	167	4,752,045	28,455
Children with Guardians*	1	37,131	37,131
Totals	168	4,789,176	28,507
Total Pensions Being Paid	872	\$32,850,340	\$37,672

Averages

	Average Age	Average Service (Years)	Average Retirement Age
Service	70.2	14.3	60.1
Disability	68.9	12.0	57.8
Spouse Beneficiary	75.3	13.0	57.9

**Summaries of Retired Members and Survivors
June 30, 2008
Tabulated by Attained Age of Recipient**

Attained Age	Service		Disability		Survivors		Totals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
Children w/ Guardians		\$ -		\$ -	1	\$37,131	1	\$37,131
35-39	2	12,822					2	12,822
40-44	5	31,350	1	17,658	1	6,325	7	55,333
45-49	10	215,558			1	1,142	11	216,700
50-54	23	629,285			8	291,850	31	921,135
55-59	63	3,024,140	2	180,668	9	304,769	74	3,509,577
60-64	96	4,039,097	2	55,375	14	595,401	112	4,689,873
65-69	146	6,058,049	1	72,756	11	357,103	158	6,487,908
70-74	123	4,841,819	7	590,516	29	708,595	159	6,140,930
75-79	104	4,423,276	2	119,137	27	930,714	133	5,473,127
80 and Over	116	3,709,645	1	40,013	67	1,556,146	184	5,305,804
Total	688	\$26,985,041	16	\$1,076,123	168	\$4,789,176	872	\$32,850,340

Pensions Being Paid

Valuation Date June 30	No.	Annual Pensions	% Incr. in Annual Pensions	Average Pension	Present Value of Pensions	
					Total	Average
1985	247	\$ 2,142,900		\$ 8,676	\$ 16,396,272	\$ 66,382
1990	343	4,830,529	14.0%	14,083	38,245,692	111,503
1995	466	9,005,617	13.5	19,325	73,796,676	155,224
1996	472	9,567,636	6.2	20,270	77,021,628	163,181
1997	496	10,442,249	9.1	21,053	84,334,344	170,029
1998	513	11,143,500	6.7	21,722	88,885,866	173,267
1999	547	13,122,722	17.8	23,990	107,153,382	195,893
2000	589	15,096,774	15.0	25,631	124,211,110	210,885
2001	647	17,729,482	17.4	27,403	147,901,899	228,596
2002	659	19,606,416	10.6	29,752	164,670,150	249,879
2003	709	22,308,359	13.8	31,465	183,882,540	259,355
2004	730	23,854,186	6.9	32,677	204,302,428	279,866
2005	769	26,112,301	9.5	33,956	228,886,601	297,642
2006	797	28,044,340	7.4	35,187	248,357,037	311,615
2007	826	30,380,250	8.3	36,780	277,278,034	335,688
2008	872	32,850,340	8.1	37,672	285,633,966	327,562

Active Members Included in Valuation

Historical Schedule

Valuation Date	Active Members	Valuation Payroll (+000)	Average			
			Age (Yrs.)	Service (Yrs.)	Pay	% Increase in Avg. Pay
6-30-85	525	\$ 17,691	51.0	7.5	\$ 33,698	
6-30-90	624	25,776	52.0	8.0	41,307	0.1
6-30-95	725	30,324	51.7	7.5	41,826	0.2
6-30-96	684	29,967	52.0	7.8	43,913	5.0
6-30-97	726	33,896	52.0	7.5	46,688	6.3
6-30-98	713	40,441	52.4	7.9	56,719	21.5
6-30-99	709	43,087	52.6	7.7	60,771	7.1
6-30-00	720	45,382	53.0	8.0	63,030	3.7
6-30-01	737	48,669	52.4	7.2	66,037	4.8
6-30-02	738	48,729	52.9	7.0	66,029	0.0
6-30-03	751	49,351	53.0	7.6	65,714	(0.5)
6-30-04	767	50,624	53.5	8.0	66,003	0.4
6-30-05	781	53,450	53.8	7.8	68,436	3.7
6-30-06	800	54,696	54.3	8.3	68,370	(0.1)
6-30-07	813	61,308	54.4	8.3	75,409	10.3
6-30-08	824	62,184	54.6	8.4	75,474	0.1

Active Members - June 30, 2008
Age and Service Distribution

Attained Age	Service							No.	Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	Over 30		
20-24	1							1	\$ 3,600
25-29	6							6	335,391
30-34	11	5	1					17	443,821
35-39	26	12						38	1,885,166
40-44	33	18	8	1				60	4,927,958
45-49	54	34	19	3	1			111	8,981,621
50-54	55	55	32	20	1	1		164	13,825,013
55-59	45	60	45	32	9	3	1	195	17,238,675
60-64	36	42	22	32	3	2	1	138	9,899,764
65-69	14	22	13	5	4	2		60	3,158,411
70-74	3	12	3	3	1	1	1	24	974,197
75-79	1	1		3			1	6	299,224
80-84		1	2		1			4	210,858
Totals	285	262	145	99	20	9	4	824	\$62,183,699

Group Averages:

Age: 54.6 years
Service: 8.4 years
Annual Pay: \$75,474

Inactive Members - June 30, 2008
Age and Service Distribution

Attained Age	Service					No.	
	0-4	5-9	10-14	15-19	20-24		25-29
30-34	2					2	
35-39	4	3				7	
40-44	6	3	1			10	
45-49	11	10	1			22	
50-54	9	9	6	2		26	
55-59	13	17	3	3		36	
60-64	6	10	6	3		25	
65-69	2	5		2		9	
70-74	2	2				1	5
75-79		1					1
Totals	55	60	17	10		1	143

Section Six:
Accounting Disclosures



GASB Statement No. 25 Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	June 30, 2008
Actuarial Cost Method:	Projected Unit Credit
Amortization method:	Level Percent Closed
Remaining amortization period:	28 years for unfunded actuarial accrued liability
Asset valuation method:	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases*	5.00%
* Includes inflation at	5.00%

Membership data as of June 30, 2008, is indicated in Section Five of this report.

Analysis of Funding Progress
Excluding Health Insurance Subsidy Beginning June 30, 2008
 (see GASB 45 Statement No. 45 Information)

Valuation Date <u>June 30</u>	(1) Valuation Value of <u>Assets</u>	(2) Actuarial Accrued <u>Liability</u>	(3) Percent Funded <u>(1)/(2)</u>	(4) Unfunded AAL <u>(2)-(1)</u>	(5) Annual Covered <u>Payroll</u>	(6) UAAL As a % of <u>Covered Payroll</u>
1998	\$241,884,563	\$199,662,358	121.1%	\$(42,222,205)	\$40,440,812	-%
1999	283,336,906	227,100,114	124.8	(56,236,792)	43,086,578	-
2000	329,776,710	253,477,602	130.1	(76,299,108)	45,381,799	-
2001	355,767,752	250,987,205	141.7	(104,780,547)	48,669,464	-
2002	351,348,778	279,947,036	125.5	(71,401,742)	48,729,191	-
2003	353,463,170	297,891,264	118.7	(55,571,906)	49,350,925	-
2004	343,375,639	328,920,980	104.4	(14,454,659)	50,624,413	-
2005	344,604,118	360,757,867	95.5	16,153,749	53,448,803	30.2
2006	351,700,873	391,403,356	89.9	39,702,483	54,696,109	72.6
2007	336,716,618	451,299,201	74.6	114,582,583	61,307,852	186.9
2008	348,013,490	441,886,450	78.8	93,872,960	62,183,699	151.0

Required Supplementary Information
Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual Required Contribution	Percent Contributed
1993	\$5,555,890	100.0%
1994	5,224,545	100.0
1995	4,886,479	100.0
1996	4,934,939	100.0
1997	3,668,144	100.0
1998	3,941,018	100.0
1999	4,126,694	100.0
2000	3,851,940	100.0
2001	3,163,111	100.0
2002	3,656,604	100.0
2003	3,755,629	100.0
2004	6,976,772	100.0
2005	6,809,136	100.0
2006	11,479,967	100.0
2007	10,057,915	100.0
2008	12,343,051	100.0
2009	13,171,203	

Actual required contribution dollar amount will be based on the recommended contribution rate and the actual pensionable payroll for the period.

Trend Information

Fiscal Year Ended June 30	Annual Pension Cost	Percent Contributed	Net Pension Obligation
1995	\$4,886,479	100.0%	\$0
1996	4,934,939	100.0	0
1997	3,668,144	100.0	0
1998	3,941,018	100.0	0
1999	4,126,694	100.0	0
2000	3,851,940	100.0	0
2001	3,163,111	100.0	0
2002	3,656,604	100.0	0
2003	3,755,629	100.0	0
2004	6,976,772	100.0	0
2005	6,809,136	100.0	0
2006	11,479,967	100.0	0
2007	10,908,830	100.0	0
2008	12,343,051	100.0	0

GASB Statement 45 Supplementary Information

The following information is presented concerning the post-retirement health insurance subsidy.

The liabilities and computed contribution for the post-retirement health insurance subsidy were based on the same assumptions and actuarial cost methods as indicated for GASB Statement 25.

Actuarial Accrued Liability

Valuation Date <u>June 30</u>	(1) Valuation Value of <u>Assets</u>	(2) Actuarial Accrued <u>Liability</u>	(3) Percent Funded <u>(1)/(2)</u>	(4) Unfunded AAL <u>(2)-(1)</u>	(5) Annual Covered <u>Payroll</u>	(6) UAAL As a % Of Covered <u>Payroll</u>
2006	\$0	\$12,264,911	0.00%	\$12,264,911	\$54,696,109	22.42%
2007	0	13,070,334	0.00%	13,070,334	61,307,852	21.32
2008	0	12,454,201	0.00%	12,454,201	62,183,699	20.03

Annual Required Contribution

Fiscal Year Ended <u>June 30</u>	Valuation Date <u>June 30</u>	(1) Normal <u>Cost</u>	(2) Actuarial Accrued <u>Liability</u>	(3) Total <u>(1) + (2)</u>	(4) <u>Dollar Amount</u>
2007	2005	1.64%	1.42%	3.06%	\$1,523,119
2008	2006	1.05	1.17	2.22	\$1,380,478

Health Insurance Subsidy Payments Reported for FY 07/08: \$911,923.

Note: GASB Statement No. 45 Supplementary Information is shown individually in the separate reports for each participating unit.